

Service Date: January 14, 1998

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC.)	DOCKET NO. D97.12.248
for Authorization of the Issuance of)	DEFAULT ORDER NO. 6037
up to 2,285,715 additional shares)	
of Common Stock)	

On October 21, 1996, the Commission issued Default Order No. 5950 authorizing MDU Resources Group, Inc. ("MDU Resources" or "Company") to issue up to 2,285,715 shares of its Common Stock, representing an aggregate value of approximately \$50,000,000 of equity at then current market prices, in one or more transactions, within a two-year period, upon the terms and conditions and for the purposes specified in the Company's application for authority to issue Common Stock in Docket No. D96.10.166 (the "1996 Application.")

On December 22, 1997, MDU Resources filed a request for approval (also referred as the "petition") with the Montana Public Service Commission ("Commission"). The Company seeks to amend its 1996 Application to clarify its intention to comply with either the negotiated placement requirements or the competitive bidding requirements of the Federal Energy Regulatory Commission (the "FERC") under 18 C.F.R. § 34.2 if the Company issues and sells Common Stock in one or more public offerings. The Company also seeks to amend Section E, page 4 of the FERC Application referenced by, and incorporated into, the 1996 Application to modify the method of determining

the price of the Common Stock at the time of a private sale or public offering. The petition is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

At a regular open session of the Montana Public Service Commission, held at its offices on January 12, 1998, there came before the Commission for final action the matters in this Docket, and the Commission, having fully considered the request for approval or petition and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS OF FACT

1. MDU Resources is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. MDU is operating as a public utility as defined in §§ 69-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said petition under Title 69, Chapter 3, Part 5, MCA.

4. On October 1, 1996, MDU Resources filed its 1996 Application with the Commission seeking authority to issue up to 2,285,715 shares of its Common Stock, representing an aggregate value of approximately \$50,000,000 of equity at then current market prices, in one or more transactions, within a two-year period, directly to a seller or sellers as consideration for the acquisition of business assets by MDU Resources or its subsidiaries. (The 1996 Application incorporated the Company's corresponding application filed with the FERC.) Alternatively, in its 1996 Application, MDU Resources proposed to issue or sell its authorized but unissued Common Stock in one or more public offerings. MDU Resources stated therein that if the Company

issues and sells Common Stock in one or more public offerings on the open market, it will follow the competitive bidding procedures under 18 C.F.R.

§ 34.2. The 1996 Application did not state that MDU Resources might issue Common Stock pursuant to a negotiated placement. On October 21, 1996, the Commission approved the Company's 1996 Application to issue Common Stock.

5. MDU Resources seeks to amend its 1996 Application to clarify its intention to comply with either the negotiated placement requirements or the competitive bidding requirements, pursuant to 18 C.F.R. § 34.2, in the event the Company issues Common Stock in one or more public offerings as authorized by order of the Commission in Docket No. D96.10.166, Default Order No. 5950.

6. The Company also seeks to amend its 1996 Application regarding the means of calculating or determining the price of the Common Stock at the time of a private sale or public offering. The Company's 1996 Application (Section E, page 4 of the accompanying FERC Application) presently states:

"The purchase price of the authorized but unissued shares of Common Stock issued by the Applicant will be based, among other things, on the average of the high and low sales prices for Applicant's shares of Common Stock on the composite tape for the New York Stock Exchange on the next preceding day of the closing date of an acquisition or the offering to the public (or the next preceding day on which the New York Stock Exchange is open, if it is closed on the next preceding day of the closing date of the acquisition or the offering to the public)."

The Company requests that the above-referenced paragraph be amended to state the following:

The purchase price of the authorized but unissued shares of Common Stock issued by the Applicant would be based, among other things, on the price for Applicant's shares of Common Stock on the composite tape for the New York Stock Exchange on or

about the closing date of an acquisition or the offering to the public.

7. The transactions proposed by the Company (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by the Company of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of the Company.

CONCLUSIONS OF LAW

The request for approval proposed by the Company, as herein authorized, will be for a lawful purpose and is consistent with the public interest; the same is appropriate and consistent with the necessary performance of the Company of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Company.

ORDER

IT IS HEREBY ORDERED by the Commission:

1. The request for approval of MDU Resources Group, Inc., in connection with authority previously granted by the Commission in Docket No. D96.10.166. is hereby approved, and the Company is authorized (i) to comply with either the negotiated placement requirements or the competitive bidding requirements under 18 C.F.R. § 34.2 and (ii) to use the method of calculating or determining the price of Common Stock at the time of a private sale or public offering as modified herein.

2. Neither the issuance of securities by the Company pursuant to the provision of this Order nor any other act or deed done or performed in

connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.

3. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

4. Issuance of this Order does not constitute acceptance of the Company's statements in its petition for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 12th day of January, 1998, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.